



THE BUDIMEX GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for 1 half of 2021

**prepared in accordance with
International Financial Reporting Standards
endorsed by the European Union**

Table of contents

| | |
|--|----|
| Consolidated statement of financial position | 2 |
| Consolidated income statement | 4 |
| Consolidated statement of comprehensive income | 5 |
| Consolidated statement of changes in equity | 6 |
| Consolidated statement of cash flows | 8 |
| 1. Organization of the Budimex Group and changes in the Group structure | 10 |
| 1.1. The Parent Company | 10 |
| 1.2. Entities subject to consolidation | 10 |
| 1.3. Description of the changes in the composition of the Group together with the indication of their consequences | 11 |
| 2. Shareholders of the Parent Company | 14 |
| 3. Principles applied for the purpose of preparation of this report | 14 |
| 3.1. Accounting policies and basis of preparing the consolidated financial statements of the Budimex Group | 14 |
| 3.2. Cash recognised in the cash flow statement | 15 |
| 4. Net sales of finished goods and services, selling expenses, administrative expenses and profitability | 16 |
| 5. Other operating income and expenses | 17 |
| 6. Finance income and costs | 17 |
| 7. Other important information on activity of the Budimex Group in the I half of 2021 | 18 |
| 8. Operating segments | 19 |
| 9. Revenue from sale of finished goods, services, goods for resale and raw materials, by category | 21 |
| 9.1. Sales revenue, by type of good or service | 21 |
| 9.2. Sales revenue, by geographical area | 21 |
| 9.3. Sales revenue of the segment „Construction business” by construction type | 22 |
| 10. Related party transactions | 22 |
| 11. Factors which will affect results achieved by the Group in a period covering at least the next half-year | 23 |
| 12. Description of significant achievements or failures of the Budimex Group in the I half-year of 2021, key events concerning the Group’s operations and significant events after 30 June 2021 | 23 |
| 13. Issue, redemption and repayment of debt and equity securities | 24 |
| 14. The Management Board’s position on the feasibility of results stated in the financial forecasts published earlier for the year in view of the financial results presented in the half-year report in relation to the projected results | 24 |
| 15. Statement of ownership of shares of Budimex SA or rights to such shares (options) held by the managing or supervisory persons of Budimex SA as at the date of publication of this report together with indication of changes in the ownership in the I half-year of 2021 | 25 |
| 16. Proceedings pending as at 30 June 2021 before court, competent arbitration body or any public administration authority | 25 |
| 17. Contingent assets and contingent liabilities | 27 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand)

Consolidated statement of financial position

| ASSETS | 30 June 2021 <i>audited</i> | 31 December 2020 <i>audited</i> |
|---|---------------------------------------|---|
| Non-current (long-term) assets | | |
| Property, plant and equipment | 528 585 | 548 812 |
| Investment properties | - | 9 876 |
| Intangible assets | 154 173 | 162 030 |
| Goodwill of subordinated entities | 168 508 | 168 508 |
| Investments in equity accounted entities | 2 288 | 2 221 |
| Investments in equity instruments | 10 257 | 6 922 |
| Retentions for construction contracts | 84 631 | 40 843 |
| Trade and other receivables | 27 601 | 28 550 |
| Receivables from service concession agreement | 46 643 | 46 654 |
| Other financial assets | 1 340 | - |
| Deferred tax assets | 521 926 | 521 851 |
| Total non-current (long-term) assets | 1 545 952 | 1 536 267 |
| Current (short-term) assets | | |
| Inventories | 417 660 | 1 998 255 |
| Trade and other receivables | 1 022 761 | 918 039 |
| Retentions for construction contracts | 91 527 | 28 770 |
| Valuation of construction contracts | 723 219 | 594 315 |
| Current tax assets | 1 048 | 338 |
| Other financial assets | 1 713 | 1 858 |
| Cash and cash equivalents | 2 962 168 | 2 384 398 |
| Total current (short-term) assets | 5 220 096 | 5 925 973 |
| TOTAL ASSETS | 6 766 048 | 7 462 240 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand)

Consolidated statement of financial position (cont.)

| EQUITY AND LIABILITIES | 30 June 2021 <i>audited</i> | 31 December 2020 <i>audited</i> |
|--|---------------------------------------|---|
| Equity | | |
| Issued capital | 145 848 | 145 848 |
| Share premium | 87 163 | 87 163 |
| Other reserves | (139) | (139) |
| Cumulative translation differences | 3 440 | 6 473 |
| Retained earnings | 1 204 859 | 910 006 |
| Shareholders' equity attributable to the shareholders of the Parent | 1 441 171 | 1 149 351 |
| Equity attributable to non-controlling interests | 34 663 | 37 920 |
| Total equity | 1 475 834 | 1 187 271 |
| Liabilities | | |
| Non-current (long-term) liabilities | | |
| Loans, borrowings and other external sources of finance | 181 580 | 261 663 |
| Retentions for construction contracts | 231 232 | 240 263 |
| Provision for long-term liabilities and other charges | 579 090 | 593 398 |
| Retirement benefits and similar obligations | 17 620 | 18 505 |
| Other financial liabilities | 20 248 | 21 264 |
| Deferred tax liabilities | 1 166 | 4 642 |
| Total non-current (long-term) liabilities | 1 030 936 | 1 139 735 |
| Current (short-term) liabilities | | |
| Loans, borrowings and other external sources of finance | 88 449 | 189 067 |
| Trade and other payables | 1 633 906 | 1 371 850 |
| Retentions for construction contracts | 201 591 | 216 458 |
| Provisions for losses on construction contracts | 413 129 | 310 441 |
| Valuation of construction contracts | 1 285 147 | 1 302 164 |
| Deferred income | 290 584 | 1 469 626 |
| Provision for short-term liabilities and other charges | 232 966 | 227 111 |
| Current tax liability | 110 569 | 44 815 |
| Retirement benefits and similar obligations | 1 611 | 1 623 |
| Other financial liabilities | 1 326 | 2 079 |
| Total current (short-term) liabilities | 4 259 278 | 5 135 234 |
| Total liabilities | 5 290 214 | 6 274 969 |
| TOTAL EQUITY AND LIABILITIES | 6 766 048 | 7 462 240 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
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(all amounts are expressed in PLN thousand)

Consolidated income statement

| | | 6-month period ended 30 June | | 3-month period ended 30 June | |
|--|-------|------------------------------|-------------------------|------------------------------|-------------------------|
| | Note | 2021 | 2020 | 2021 | 2020 |
| | | audited | restated not audited | not audited | restated not audited |
| Continuing operations | | | | | |
| Net sales of finished goods, goods for resale, raw materials and services | 4, 9 | 3 241 092 | 3 460 165 | 1 996 306 | 1 990 177 |
| Cost of finished goods, goods for resale, raw materials and services sold | | (2 865 447) | (3 207 039) | (1 717 376) | (1 847 058) |
| Gross profit on sales | | 375 645 | 253 126 | 278 930 | 143 119 |
| Selling expenses | 4 | (5 086) | (5 318) | (2 358) | (2 633) |
| Administrative expenses | 4 | (120 010) | (110 561) | (59 862) | (55 680) |
| Other operating income | 5 | 43 907 | 50 987 | 8 725 | 27 865 |
| Other operating expenses | 5 | (18 066) | (88 547) | (11 860) | (53 820) |
| Operating profit | | 276 390 | 99 687 | 213 575 | 58 851 |
| Finance income | 6 | 5 271 | 15 872 | 2 336 | 8 487 |
| Finance costs | 6 | (22 130) | (24 448) | (11 072) | (12 099) |
| Share in net profits of equity accounted subordinates | | 67 | 42 | 21 | 22 |
| Gross profit | | 259 598 | 91 153 | 204 860 | 55 261 |
| Income tax | 7 | (51 154) | (26 331) | (42 808) | (20 660) |
| Net profit from continuing operations | | 208 444 | 64 822 | 162 052 | 34 601 |
| | | | | | |
| Net profit from discontinued operations | 1.3.1 | 520 508 | 49 669 | 495 476 | 55 928 |
| Net profit for the period | | 728 952 | 114 491 | 657 528 | 90 529 |
| of which: | | | | | |
| Attributable to the shareholders of the Parent, of which: | | 721 205 | 110 574 | 653 690 | 88 515 |
| from continuing operations | | 200 697 | 60 905 | 158 214 | 32 587 |
| from discontinued operations | | 520 508 | 49 669 | 495 476 | 55 928 |
| Attributable to non-controlling interests, of which: | | 7 747 | 3 917 | 3 838 | 2 014 |
| from continuing operations | | 7 747 | 3 917 | 3 838 | 2 014 |
| from discontinued operations | | - | - | - | - |
| | | | | | |
| Basic and diluted earnings (loss) per share attributable to the shareholders of the Parent (in PLN), of which: | | | | | |
| | | 28.25 | 4.33 | 25.60 | 3.47 |
| from continuing operations | | 7.86 | 2.39 | 6.20 | 1.28 |
| from discontinued operations | | 20.39 | 1.94 | 19.40 | 2.19 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand)

Consolidated statement of comprehensive income

| | 6-month period ended 30 June | | 3-month period ended 30 June | |
|--|---------------------------------|-------------------------|---------------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | audited | restated not audited | not audited | restated |
| Net profit for the period | 728 952 | 114 491 | 657 528 | 90 529 |
| Other comprehensive income which: | | | | |
| <i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i> | | | | |
| Cumulative translation differences | (3 033) | 375 | (2 070) | (1 312) |
| Income tax related to components of other comprehensive income | - | - | - | - |
| <i>Items not to be subsequently reclassified to profit or loss:</i> | - | - | - | - |
| Actuarial gains/(losses) | - | - | - | - |
| Income tax related to components of other comprehensive income | - | - | - | - |
| Other comprehensive income | (3 033) | 375 | (2 070) | (1 312) |
| Total comprehensive income for the period, of which | 725 919 | 114 866 | 655 458 | 89 217 |
| Total comprehensive incomes from continuing operations for the period | 205 411 | 65 197 | 159 982 | 33 289 |
| Total comprehensive incomes from discontinued operations for the period | 520 508 | 49 669 | 495 476 | 55 928 |
| <i>Of which:</i> | | | | |
| Attributable to the shareholders of the Parent, of which | 718 172 | 110 949 | 651 620 | 87 203 |
| from continuing operations | 197 664 | 61 280 | 156 144 | 31 275 |
| from discontinued operations | 520 508 | 49 669 | 495 476 | 55 928 |
| Attributable to non-controlling interests, of which | 7 747 | 3 917 | 3 838 | 2 014 |
| from continuing operations | 7 747 | 3 917 | 3 838 | 2 014 |
| from discontinued operations | - | - | - | - |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
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(all amounts are expressed in PLN thousand)

Consolidated statement of changes in equity

| | Equity attributable to the shareholders of the Parent | | | | | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---------------|----------------------|--------------------------|------------------------------------|-------------------|-----------|---------------------------|--------------|
| | Issued capital | Share premium | Other reserves | | Cumulative translation differences | | | | |
| | | | Share-based payments | Actuarial gains/(losses) | | | | | |
| Balance as at 1 January 2021 <i>audited</i> | 145 848 | 87 163 | 7 171 | (7 310) | 6 473 | 910 006 | 1 149 351 | 37 920 | 1 187 271 |
| Profit for the period | - | - | - | - | - | 721 205 | 721 205 | 7 747 | 728 952 |
| Other comprehensive income | - | - | - | - | (3 033) | - | (3 033) | - | (3 033) |
| Total comprehensive income | - | - | - | - | (3 033) | 721 205 | 718 172 | 7 747 | 725 919 |
| Profit distribution - dividend | - | - | - | - | - | (426 352) | (426 352) | - | (426 352) |
| Payment of dividend to non-controlling shareholders | - | - | - | - | - | - | - | (11 004) | (11 004) |
| Balance as at 30 June 2021 <i>audited</i> | 145 848 | 87 163 | 7 171 | (7 310) | 3 440 | 1 204 859 | 1 441 171 | 34 663 | 1 475 834 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
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Consolidated statement of changes in equity (cont.)

| | Equity attributable to the shareholders of the Parent Company | | | | | | Non- controlling interests | Total equity | |
|---|---|---------------|-------------------------|-----------------------------|--|----------------------|----------------------------------|--------------|-----------|
| | Issued capital | Share premium | Other reserves | | Cumulative translation differences | Retained earnings | | | Total |
| | | | Share-based payments | Actuarial gains/(losses) | | | | | |
| Balance as at 1 January 2020 <i>audited</i> | 145 848 | 87 163 | 7 171 | (5 991) | 7 000 | 566 958 | 808 149 | 28 491 | 836 640 |
| Profit for the period | - | - | - | - | - | 110 574 | 110 574 | 3 917 | 114 491 |
| Other comprehensive income | - | - | - | - | 375 | - | 375 | - | 375 |
| Total comprehensive income | - | - | - | - | 375 | 110 574 | 110 949 | 3 917 | 114 866 |
| Profit distribution - dividend | - | - | - | - | - | (116 417) | (116 417) | - | (116 417) |
| Payment of dividend to non-controlling shareholders | - | - | - | - | - | - | - | (2 500) | (2 500) |
| Balance as at 30 June 2020 <i>not audited</i> | 145 848 | 87 163 | 7 171 | (5 991) | 7 375 | 561 115 | 802 681 | 29 908 | 832 589 |
| Profit for the period | - | - | - | - | - | 348 891 | 348 891 | 8 012 | 356 903 |
| Other comprehensive income | - | - | - | (1 319) | (902) | - | (2 221) | - | (2 221) |
| Total comprehensive income | - | - | - | (1 319) | (902) | 348 891 | 346 670 | 8 012 | 354 682 |
| Balance as at 31 December 2020 <i>audited</i> | 145 848 | 87 163 | 7 171 | (7 310) | 6 473 | 910 006 | 1 149 351 | 37 920 | 1 187 271 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand)

Consolidated statement of cash flows

| | 6-month period ended 30 June | |
|---|------------------------------|----------------------------|
| | 2021 <i>audited</i> | 2020 <i>not audited</i> |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Gross profit | 895 899 | 152 588 |
| <i>from continuing operations</i> | <i>259 598</i> | <i>91 153</i> |
| <i>from discontinued operations</i> | <i>636 301</i> | <i>61 435</i> |
| Adjustments for: | | |
| Depreciation/ amortization | 73 034 | 64 882 |
| Share in net (profits) of equity accounted companies | (67) | (42) |
| Foreign exchange losses | 34 | 528 |
| Interest and shares in profits (dividends) | 3 353 | 4 160 |
| (Profit) on investing activities | (601 460) | (1 447) |
| Change in valuation of derivative financial instruments | (3 210) | 971 |
| Change in provisions and liabilities arising from retirement benefits and similar obligations | 21 136 | 51 304 |
| Other adjustments | (3 014) | 182 |
| Operating profit before changes in working capital | 385 705 | 273 126 |
| Change in receivables and retentions for construction contracts | (208 491) | 245 412 |
| Change in inventories | (102 733) | 5 866 |
| Change in retentions for construction contracts and in liabilities, except for loans and borrowings | 371 122 | 67 122 |
| Change in deferred income | (41 275) | 299 472 |
| Change in valuation of construction contracts and in provision for losses | (43 233) | (156 571) |
| Change in cash and cash equivalents of restricted use | 279 773 | (140 197) |
| Cash flow from operating activities | 640 868 | 594 230 |
| Income tax paid | (107 582) | (119 169) |
| NET CASH FROM/ (USED IN) OPERATING ACTIVITIES | 533 286 | 475 061 |

Consolidated statement of cash flows (continued)

| | 6-month period ended 30 June | |
|---|------------------------------|----------------------------|
| | 2021 <i>audited</i> | 2020 <i>not audited</i> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of intangible assets and property, plant and equipment | 950 | 3 008 |
| Proceeds from sale of investment property | - | 30 000 |
| Purchase of intangible assets and property, plant and equipment | (36 581) | (27 165) |
| Sale of a subsidiary | 918 434 | - |
| Purchase of shares in non-consolidated entities | (3 340) | (180) |
| Purchase of bonds issued by banks | - | (269 079) |
| Proceeds from bonds issued by banks | - | 253 980 |
| Interest received | - | 1 020 |
| NET CASH FROM/ (USED IN) INVESTING ACTIVITIES | 879 463 | (8 416) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of loans and borrowings | (7 233) | (29 530) |
| Loans and borrowings received | - | 5 237 |
| Payment of dividend by Budimex SA | (426 352) | - |
| Dividends paid to non-controlling shareholders | (10 024) | (2 500) |
| Payment of lease liabilities | (105 959) | (36 563) |
| Interest paid | (4 527) | (6 453) |
| Other finance expenditure | (416) | (283) |
| NET CASH USED IN FINANCING ACTIVITIES | (554 511) | (70 092) |
| TOTAL NET CASH FLOW | | |
| | 858 238 | 396 553 |
| Foreign exchange differences on cash and cash equivalents, net | (695) | 1 120 |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE (note 3.2) | 2 081 498 | 1 340 215 |
| CASH AND CASH EQUIVALENTS - CLOSING BALANCE (note 3.2) | 2 939 041 | 1 737 888 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
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1. Organization of the Budimex Group and changes in the Group structure

1.1. The Parent Company

The parent company of the Budimex Group is Budimex SA (the „Parent Company”), which main area of business is building, rendering of management and advisory services for the Budimex Group companies.

The main areas of the business activities of the Group are widely understood construction-assembly services realized in the system of general execution at home and abroad, services and production. Budimex SA serves in the Group as an advisory, management and financial center. Realization of these three functions is to facilitate:

- efficient flow of information within Group structures,
- strengthening the efficiency of cash and financial management of individual Group companies,
- strengthening market position of the entire Group.

1.2. Entities subject to consolidation

As at 30 June 2021, 31 December 2020 and 30 June 2020 the following entities were subject to consolidation:

| Company name | Registered office | % in the share capital as at | | |
|---|------------------------------|------------------------------|------------------|--------------|
| | | 30 June 2021 | 31 December 2020 | 30 June 2020 |
| Parent company: | | | | |
| Budimex SA | Warsaw / Poland | | | |
| Subsidiaries: | | | | |
| Mostostal Kraków SA | Kraków / Polska | 100.00% | 100.00% | 100.00% |
| Mostostal Kraków Energetyka Sp. z o.o. | Kraków / Polska | 100.00% | 100.00% | 100.00% |
| Budimex Bau GmbH | Kolonia/ Niemcy | 100.00% | 100.00% | 100.00% |
| Budimex Budownictwo Sp. z o.o. | Warszawa / Polska | 100.00% | 100.00% | 100.00% |
| Budimex Kolejnictwo SA | Warszawa / Polska | 100.00% | 100.00% | 100.00% |
| FBSerwis SA | Warszawa / Polska | 100.00% | 100.00% | 100.00% |
| FBSerwis A Sp. z o.o. | Warszawa / Polska | 100.00% | 100.00% | 100.00% |
| FBSerwis B Sp. z o.o. | Warszawa / Polska | 100.00% | 100.00% | 100.00% |
| FBSerwis Karpatia Sp. z o.o. | Tarnów / Polska | 100.00% | 100.00% | 100.00% |
| FBSerwis Wrocław Sp. z o.o. | Bielany Wrocławskie / Polska | 100.00% | 100.00% | 100.00% |
| FBSerwis Dolny Śląsk Sp. z o.o. | Ścinawka Dolna / Polska | 100.00% | 100.00% | 100.00% |
| FBSerwis Odbiór Sp. z o.o. ¹ | Warszawa / Polska | 100.00% | 100.00% | - |
| FBSerwis Kamieński Sp. z o.o. | Kamieński / Polska | 80.00% | 80.00% | 80.00% |
| Budimex Parking Wrocław Sp. z o.o. | Warszawa / Polska | 51.00% | 51.00% | 51.00% |
| Budimex Nieruchomości Sp. z o.o. ² | Warszawa / Polska | - | 100.00% | 100.00% |

¹) As at 30 June 2020 the company was not subject to consolidation.

²) The company was sold on 24 May 2021. Details in note 1.3.

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards

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As at 30 June 2021, 31 December 2020 and 30 June 2020 stand-alone data of Budimex SA and other Group companies, which are partners in consortiums (treated as joint operations according to IFRS 11), included their share in assets, liabilities, revenue and expenses of the following joint operations:

| Joint operation name | Share in the issued capital and in the number of votes (%) | | |
|--|--|------------------|--------------|
| | 30 June 2021 | 31 December 2020 | 30 June 2020 |
| Budimex SA Cadagua SA III s.c. | 99.90% | 99,90% | 99.90% |
| Budimex SA Cadagua SA IV s.c. | 99.90% | 99,90% | 99.90% |
| Budimex SA Cadagua SA V s.c. | 99.90% | 99,90% | 99.90% |
| Budimex SA Ferrovial Agroman SA 2 s.c. | 95.00% | 95.00% | 95.00% |
| Budimex SA Sygnity SA Sp.j. | 67.00% | 67.00% | 67.00% |
| Budimex SA Ferrovial Construcción SA Sp.j. | 50.00% | 50.00% | 50.00% |
| Budimex SA Tecnicas Reunidas SA Turów s.c. | 50.00% | 50.00% | 50.00% |
| Budimex SA Ferrovial Agroman SA s.c. | - | - | 99.98% |

As at 30 June 2021, 31 December 2020 and 30 June 2020 equity accounted companies included:

| Associate | share | | |
|-------------------|--------------|------------------|--------------|
| | 30 June 2021 | 31 December 2020 | 30 June 2020 |
| Promos Sp. z o.o. | 26.31% | 26.31% | 26.31% |

1.3. Description of the changes in the composition of the Group together with the indication of their consequences

On 13 May 2021 a new company, JZE Sp. z o.o., was registered. It was not consolidated as at 30 June 2021 due to lack of significant operating activities.

In the 6-month period ended 30 June 2021 there were no other changes in the Group structure, except the one described below.

1.3.1 Discontinued operations

On 22 February 2021, Budimex SA concluded a conditional agreement for the sale of all shares in the subsidiary Budimex Nieruchomości sp.z o.o., with the buyer, CP Developer S.a.r.l. The subject of the sale are 1 314 666 shares with a nominal value of PLN 500 each, representing 100% of the share capital of Budimex Nieruchomości Sp. z o.o., entitling to 100% of votes at the company's Shareholders' Meeting. From the point of view of the consolidated financial statements of the Budimex Group, this meant the sale of the entire segment "property management and developer business". Thus, this segment was excluded from Note 8, presenting the Group's operating segments.

From the date of concluding the conditional sale agreement, the Group began presenting the entire segment "property management and developer business" as a discontinued operation (disposal group) in the consolidated financial statements in accordance with the principles of IFRS 5, as it considered that this was the moment when all conditions for such classification were met. Due to the changes described above, in accordance with IFRS 5, the comparative data in the profit and loss account and other comprehensive income were restated, as well as the data in the operating segments.

As at the date of reclassification to discontinued operations, the Group valued the net assets of Budimex Nieruchomości Sp. z o.o. (the only company in the segment) at the lower of the carrying amount or the fair value less costs to sell. As the expected sale price was significantly higher than the carrying amount of the net assets and the costs to sell were negligible given the overall value of the transaction, the carrying amount was lower. Thus, the Group did not recognize any impairment losses on the net assets of Budimex Nieruchomości Sp. z o.o.

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021 prepared in accordance with International Financial Reporting Standards

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(all amounts are expressed in PLN thousand, unless stated otherwise)

The data of Budimex Nieruchomości Sp. z o.o. (including consolidation adjustments assigned to the segment) for the period of 1 January – 24 May 2021 and the restated 6-month period of 2020:

| | 1 January – 24 May 2021 | 1 January – 30 June 2020 <i>restated*</i> |
|---|----------------------------|---|
| Net sales of finished goods, goods for resale, raw materials and services | 255 342** | 274 271*** |
| Cost of finished goods, goods for resale, raw materials and services sold | (197 178)** | (199 846)*** |
| Gross profit on sales | 58 164 | 74 425 |
| Selling expenses | (6 881) | (8 469) |
| Administrative expenses | (10 011) | (12 812) |
| Other operating income | 9 | 3 778 |
| Operating profit | 41 281 | 56 922 |
| Finance income/ (costs) | (406) | 4 513 |
| Gross profit | 40 875 | 61 435 |
| Income tax | (7 818) | (11 766) |
| Profit after tax on development activities (discontinued) | 33 057 | 49 669 |
| Profit on sale of the subsidiary after tax (note 1.3.2.) | 487 451 | - |
| Net income from discontinued operations | 520 508 | 49 669 |

* data also includes SPV-PIM1 Sp. z o.o., merged with Budimex Nieruchomości Sp. z o.o. on 26 May 2020

** net sales and cost of sales include intercompany eliminations in the amount of PLN 11 thousand

*** net sales and cost of sales include intercompany eliminations in the amount of PLN 421 thousand

| Cash flows from discontinued operations | 1 January – 24 May 2021 | 1 January – 30 June 2020 <i>restated*</i> |
|--|----------------------------|---|
| Net cash from operating activities | 86 863 | 260 038 |
| Net cash from investing activities, of which: | 918 065 | 29 305 |
| Net cash from investing activities generated by Budimex Nieruchomości Sp. z o.o. | (369) | 29 305 |
| Net cash from the sale of a subsidiary (Note 1.3.2.) | 918 434 | - |
| Net cash (used in) financing activities | (189 355) | (23 972) |
| Total cash flows from discontinued operations | 815 573 | 265 371 |
| Cash of discontinued operations, recognised in the statement of cash flow, opening balance | 506 199 | 201 496 |
| Cash of discontinued operations, recognised in the statement of cash flow, closing balance | - | 466 867 |

*data also includes SPV-PIM1 Sp. z o.o., merged with Budimex Nieruchomości Sp. z o.o. on 26 May 2020

| Property management and developer business | 1 January – 24 May 2021 | 1 January – 30 June 2020 <i>restated*</i> |
|--|----------------------------|---|
| Sales of other services | 1 860 | 885 |
| Sales of finished goods | 253 482 | 273 386 |
| Total sales of finished goods, goods for resale and raw materials | 255 342 | 274 271 |

*data also includes SPV-PIM1 Sp. z o.o., merged with Budimex Nieruchomości Sp. z o.o. on 26 May 2020

Revenue was earned in Poland only.

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand, unless stated otherwise)

1.3.2. Sale of shares in Budimex Nieruchomości Sp. z o.o.

On 24 May 2021 Budimex SA concluded with Cp Developer S.a.r.l. a disposing agreement transferring the ownership of 1 314 666 shares in Budimex Nieruchomości Sp. z o.o. with a total nominal value of PLN 657 333 thousand, representing 100.00% of the share capital and entitling to 100.00% of votes at the company's shareholders' meeting. The price for the shares sold amounted to PLN 1 307 889 thousand and included also conditional components of remuneration.

Analysis of assets and liabilities, over which control was lost

| | 24 May 2021 |
|---|----------------|
| Assets | |
| Property, plant and equipment, intangible assets and investment property | 20 100 |
| Deferred tax assets | 11 691 |
| Inventories | 1 734 911 |
| Trade and other receivables | 11 565 |
| Cash and cash equivalents | 403 338 |
| Liabilities | |
| Loans, borrowings and other external sources of finance | (140 616) |
| Retentions for construction contracts - received | (76 824) |
| Provision for liabilities and other charges and retirement benefits and similar obligations | (44 369) |
| Trade and other payables | (81 732) |
| Deferred income | (1 137 767) |
| Current tax liability | (9 913) |
| Net assets sold | 690 384 |

Profit on sale of a subsidiary

| | 2021 |
|--|----------------|
| Price of sold shares | 1 307 889 |
| Net assets | (690 384) |
| Costs to sell | (22 079) |
| Profit on sale of the subsidiary before tax | 595 426 |
| Income tax on transaction | (107 975) |
| Profit on sale of the subsidiary after tax | 487 451 |

Net cash from disposal

| | 2021 |
|---|----------------|
| Payment received in cash and cash equivalents | 1 321 772 |
| Balance of cash and cash equivalents in Budimex Nieruchomości Sp. z o.o. as at the date of sale | (403 338) |
| Net cash from disposal | 918 434 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards

budimex

(all amounts are expressed in PLN thousand, unless stated otherwise)

2. Shareholders of the Parent Company

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at the report date was as follows:

| Shareholder | Type of shares | Number of shares | % of the share capital | Number of votes | % of voting rights at the AGM |
|---|----------------|-------------------|------------------------|-------------------|-------------------------------|
| Ferrovial Construction International SE | ordinary | 12 801 654 | 50.14% | 12 801 654 | 50.14% |
| Nationale-Nederlanden OFE | ordinary | 2 353 000 | 9.22% | 2 353 000 | 9.22% |
| Aviva OFE Aviva Santander | ordinary | 2 170 000 | 8.50% | 2 170 000 | 8.50% |
| Other shareholders | ordinary | 8 205 444 | 32.14% | 8 205 444 | 32.14% |
| Total | | 25 530 098 | 100.00% | 25 530 098 | 100.00% |

The above data presents the shareholding structure as at the last General Meeting of Shareholders of 20 May 2021.

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at 31 December 2020 was as follows:

| Shareholder | Type of shares | Number of shares | % of the share capital | Number of votes | % of voting rights at the AGM |
|---|----------------|-------------------|------------------------|-------------------|-------------------------------|
| Ferrovial Construction International SE | ordinary | 12 801 654 | 50.14% | 12 801 654 | 50.14% |
| Aviva OFE Aviva Santander | ordinary | 2 552 000 | 10.00% | 2 552 000 | 10.00% |
| Nationale-Nederlanden OFE | ordinary | 1 618 000 | 6.34% | 1 618 000 | 6.34% |
| Other shareholders | ordinary | 8 558 444 | 33.52% | 8 558 444 | 33.52% |
| Total | | 25 530 098 | 100.00% | 25 530 098 | 100.00% |

3. Principles applied for the purpose of preparation of condensed financial statement

3.1. Accounting policies and basis of preparing the consolidated financial statements of the Budimex Group

These condensed financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim consolidated financial statements adopted by the European Union issued and effective when preparing the interim consolidated financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Group were described in the consolidated financial statements of the Group for the year ended 31 December 2020, published on 25 March 2021.

The interim condensed consolidated financial statements of the Budimex Group cover the period of six months ended on 30 June 2021 and contain comparative data for the period of six months ended on 30 June 2020 and as at 31 December 2020. Consolidated statement of comprehensive income and income statement and notes to the consolidated statement of comprehensive income and income statement covering data for the period of 3 months ended on 30 June 2021 and comparative data for the period of 3 months ended on 30 June 2020, were not subject to review or audit by a certified auditor.

The consolidated financial statements were prepared on the assumption that the Parent Company and all entities included in the Budimex Group will continue as a going concern in the foreseeable future. In the reporting period and as at the date of preparation of these financial statements no circumstances were noted that would indicate a threat to ability to continue as a going concern.

Amendments to standards effective in the current period

The Group for the first time adopted amendments to standards listed below:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform - Phase 2,
- Amendments to IFRS 4 „Insurance contracts” – Deferral of effective date of IFRS 9.

The above amendments to standards did not have a significant impact on the Group's accounting policy applied so far.

Amendments to Standards that were issued, but have not yet become effective

While authorizing these financial statements, the Group did not apply the following amendments to other standards that were issued and endorsed for use in the EU, but which have not yet become effective:

- Amendments to IFRS 3 „Business combinations”, IAS 16 „Property, plant and equipment” and IAS 37 „Provisions, Contingent Liabilities and Contingent Assets (Cycle 2018- 2020)” (effective for annual periods beginning on or after 1 January 2022),

Standards and amendments to standards issued by IASB but not yet adopted by the EU

The IFRSs endorsed by the EU do not differ materially from regulations adopted by the International Accounting Standards Board (IASB), except for the below standards and amendments to Standards, which as at the date of the preparation of these consolidated financial statements were not yet adopted for use:

- IFRS 14 „Regulatory Deferral Accounts” – according to the decision of the European Union, standard endorsement process in its draft form will not be initiated before publication of standard's final version (effective for annual periods beginning on or after 1 January 2016),
- IFRS 17 „Insurance contracts”; including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 10 „Consolidated Financial Statements” and IAS 28 „Investments in Associates and Joint Ventures” – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” – work leading to the endorsement of these changes was postponed indefinitely – the date of amendments becoming effective was indefinitely deferred by the IASB,
- Amendments to IAS 1 „Presentation of Financial Statements” – “Classification of Liabilities as Current or Non-current — Deferral of Effective Date” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 „Presentation of financial statements” and Handbook of IFRS 2: Disclosure of accounting rules and principles (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 „Accounting Policies, Changes in Accounting Estimates and Errors” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 16 „Leases”: Covid-19-related rent concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021),
- Amendments to IAS 12 “Income tax”: Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023).

The above mentioned standards and standards amendments would not have any material impact on the consolidated financial statements, had these been applied by the Group at the reporting date.

3.2. Cash recognised in the cash flow statement

The Group recognizes cash of restricted use (including mainly cash of the consortia in the portion attributable to other consortium members, cash representing security for bank guarantees, funds kept in escrow by developer companies and split payment bank accounts) in the statement of financial position under cash and cash equivalents. For the purpose of the statement of cash flow – the balance of cash at the beginning and at the end of the reporting period is reduced by cash of restricted use, and its change in the statement of financial position is recognized under cash flow from operating activities.

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards

budimex

(all amounts are expressed in PLN thousand, unless stated otherwise)

| | 30 June 2021 | 31 December 2020 | 30 June 2020 |
|---|------------------|---------------------|------------------|
| Cash recognised in the statement of financial position | 2 962 168 | 2 384 398 | 2 053 847 |
| Cash and cash equivalents of restricted use | (23 127) | (302 900) | (315 959) |
| Cash recognised in the statement of cash flow | 2 939 041 | 2 081 498 | 1 737 888 |

The change in restricted cash and cash equivalents resulted from sale of Budimex Nieruchomości Sp. z o.o.

4. Net sales of finished goods and services, selling expenses, administrative expenses and profitability

Sale of construction-assembly services in Poland is characterized by seasonality mainly connected with atmosphere conditions and the highest revenues are usually achieved in the second and third quarter, while the lowest – in the first quarter.

In the first half-year of 2021 construction-assembly production in Poland expressed in current prices did not change compared to the corresponding period of the prior year (increased 2.8% in fixed prices), while sales of the construction segment of the Budimex Group on the home market decreased 9.1% on the corresponding period.

Net sales and profitability

| | 6 months ended | | | 3 months ended | | |
|---|----------------|--------------------------|-------------------|----------------|--------------------------|-------------------|
| | 30 June 2021 | 30 June 2020 restated | Change in % | 30 June 2021 | 30 June 2020 restated | Change in % |
| Net sales of finished goods and services | 3 241 092 | 3 460 165 | (6.33%) | 1 996 306 | 1 990 177 | 0.31% |
| Gross profit on sales | 375 645 | 253 126 | 48.40% | 278 930 | 143 119 | 94.89% |
| Gross profitability on sales | 11.59% | 7.32% | 4.27 p.p. | 13.97% | 7.19% | 6.78 p.p. |
| Operating profit | 276 390 | 99 687 | 177.26% | 213 575 | 58 851 | 262.91% |
| Operating profitability | 8.53% | 2.88% | 5.65 p.p. | 10.70% | 2.96% | 7.74 p.p. |
| Gross profit on sales in construction segment | 161 172 | 84 049 | 91.76% | 112 359 | 50 978 | 120.41% |
| Gross profitability on sales in construction segment | 5.32% | 2.49% | 2.83 p.p. | 6.08% | 2.61% | 3.47 p.p. |
| Gross profit on sales in service segment | 55 217 | 29 375 | 87.97% | 32 963 | 10 535 | 212.89% |
| Gross profitability on sales in service segment | 15.33% | 10.59% | 4.74 p.p. | 17.10% | 7.23% | 9.87 p.p. |
| Gross profit | 259 598 | 91 153 | 184.79% | 204 860 | 55 261 | 270.71% |
| Gross profitability | 8.01% | 2.63% | 5.38 p.p. | 10.26% | 2.78% | 7.48 p.p. |
| Net profit | 728 952 | 114 491 | 536.69% | 657 528 | 90 529 | 626.32% |
| Net profitability | 22.49% | 3.31% | 19.18 p.p. | 32.94% | 4.55% | 28.39 p.p. |

Selling expenses and administrative expenses

| | 6 months ended | | | 3 months ended | | Change in % |
|---|------------------|--------------------------|------------------|-----------------|--------------------------|------------------|
| | 30 June 2021 | 30 June 2020 restated | Change in % | 30 June 2021 | 30 June 2020 restated | |
| Selling expenses | (5 086) | (5 318) | (4.36%) | (2 358) | (2 633) | (10.44%) |
| Administrative expenses | (120 010) | (110 561) | 8.55% | (59 862) | (55 680) | 7.51% |
| Total selling & administrative expenses | (125 096) | (115 879) | 7.95% | (62 220) | (58 313) | 6.70% |
| Share of selling & administrative expenses in net sales of finished goods and services | 3.86% | 3.35% | 0.51 p.p. | 3.12% | 2.93% | 0.19 p.p. |

5. Other operating income and expenses

Other operating income

| | 6 months ended | | 3 months ended | |
|---|----------------|---------------------------------|----------------|---------------------------------|
| | 30 June 2021 | 30 June 2020 <i>restated</i> | 30 June 2021 | 30 June 2020 <i>restated</i> |
| Reversal of impairment write-downs against receivables | 9 995 | 1 738 | 212 | 136 |
| Reversal of provisions for compensations and liquidated damages | 2 208 | 26 008 | (10 806) | 18 390 |
| Penalties/ compensations awarded | 20 795 | 16 744 | 11 286 | 7 500 |
| Statute-barred liabilities written-off | 468 | 425 | 171 | (44) |
| Gains on derivative financial instruments | 2 097 | 649 | 1 899 | (439) |
| Subsidies received | 1 259 | - | 6 | - |
| Gains on the sale of non-financial non-current assets | 5 634 | 1 735 | 5 302 | 1 012 |
| Reversal of other provisions | - | 2 000 | - | - |
| Other | 1 451 | 1 688 | 655 | 1 310 |
| Total | 43 907 | 50 987 | 8 725 | 27 865 |

Other operating expenses

| | 6 months ended | | 3 months ended | |
|---|-----------------|---------------------------------|-----------------|---------------------------------|
| | 30 June 2021 | 30 June 2020 <i>restated</i> | 30 June 2021 | 30 June 2020 <i>restated</i> |
| Impairment write-downs against receivables | (3 343) | (24 912) | (2 443) | (7 615) |
| Compensations and liquidated damages paid | (11 096) | (17 841) | (9 738) | (15 393) |
| Loss on derivative financial instruments | (74) | (227) | 885 | (227) |
| Court charges and executions, costs of legal proceedings | (1 527) | (534) | (858) | (375) |
| Creation of provisions for compensations and liquidated damages | - | (41 092) | 1 668 | (27 706) |
| Donations given | (1 183) | (2 884) | (732) | (2 213) |
| Other | (843) | (1 057) | (642) | (291) |
| Total | (18 066) | (88 547) | (11 860) | (53 820) |

6. Finance income and costs

Finance income

| | 6 months ended | | 3 months ended | |
|--|----------------|---------------------------------|----------------|---------------------------------|
| | 30 June 2021 | 30 June 2020 <i>restated</i> | 30 June 2021 | 30 June 2020 <i>restated</i> |
| Interest earned | 1 567 | 8 052 | 677 | 2 880 |
| Valuation of receivables from service concession arrangement | 1 440 | 1 434 | 720 | 715 |
| Gains on derivative financial instruments | 1 113 | - | 327 | - |
| Foreign exchange gains | 655 | 1 337 | 381 | (147) |
| Write-off of liabilities resulting from purchase of FBSerwis Karpatia and FBSerwis Wrocław | - | 5 026 | - | 5 026 |
| Other | 496 | 23 | 231 | 13 |
| Total | 5 271 | 15 872 | 2 336 | 8 487 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand, unless stated otherwise)

Finance costs

| | 6 months ended | | 3 months ended | |
|---|-----------------|---------------------------------|-----------------|---------------------------------|
| | 30 June 2021 | 30 June 2020 <i>restated</i> | 30 June 2021 | 30 June 2020 <i>restated</i> |
| Interest expense | (5 017) | (5 103) | (2 832) | (2 191) |
| Discount of retentions for construction contracts | (2 265) | (3 917) | (1 177) | (2 821) |
| Cost of bank commissions and guarantees | (14 225) | (13 353) | (6 792) | (6 520) |
| Loss on derivative financial instruments | (416) | (1 903) | (209) | (406) |
| Other | (207) | (172) | (62) | (161) |
| Total | (22 130) | (24 448) | (11 072) | (12 099) |

All valued derivative instrument contracts (presented both in the operating and financing activity) were classified as level 2 in the fair value hierarchy. During the 6 months ended 30 June 2021, there was no transfer between Level 1 and Level 2 of fair value measurements, and no transfer into and out of Level 3 of fair value measurement. The fair value of financial instruments owned by the Group companies is similar to their carrying value.

7. Other important information on activity of the Budimex Group in the I half of 2021**Provisions for liabilities and other charges**

| | 30 June 2021 | 31 December 2020 |
|---|----------------|------------------|
| Provisions for litigation proceedings | 31 952 | 33 129 |
| Provisions for compensations and liquidated damages | 90 239 | 125 770 |
| Provisions for warranty repairs | 602 099 | 591 478 |
| Provisions for land reclamation | 47 344 | 47 200 |
| Other provisions | 40 422 | 22 932 |
| Total | 812 056 | 820 509 |
| <i>of which:</i> | | |
| - long-term | 579 090 | 593 398 |
| - short-term | 232 966 | 227 111 |

Income tax in the income statement

| | 30 June 2021 | 30 June 2020 <i>restated</i> |
|---|-----------------|---------------------------------|
| Income tax – current | (66 422) | (84 271) |
| Income tax – deferred | 15 268 | 57 940 |
| Income tax in the income statement | (51 154) | (26 331) |

Other information

| | 6 months ended | |
|---|----------------|--------------|
| | 30 June 2021 | 30 June 2020 |
| Reversal of impairment write-downs against inventories | (247) | - |
| Value of property, plant and equipment and intangible assets purchased or started to be leased: | 55 834 | 76 681 |
| - of which: plant and machinery | 14 104 | 39 401 |

As at 30 June 2021 contractual obligations made by the Group for the purchase of property, plant and equipment amounted to PLN 31 191 thousand. Contractual obligations made by the Group for the purchase of equipment,

purchase of plots of land for development purposes and for a cash contribution to the share capital of a newly established company as at 31 December 2020 amounted to PLN 92 108 thousand.

As at 30 June 2021 there was an increase in the balance of retentions for construction contracts, mainly as a result of invoicing works with deferred payment terms.

The decrease in the balance of long-term and short-term lease liabilities was caused by the repurchase of a significant part of fixed assets by Budimex Kolejnictwo S.A. In turn, the increase in short-term trade and other liabilities compared to 31 December 2020 was mainly due to the seasonality of construction works and related settlements with subcontractors

Due to sale of shares in Budimex Nieruchomości sp.z o.o. the balances of inventories, loans, borrowings and other external sources of financing, as well as deferred income decreased significantly.

Apart from that, there were no other significant changes in the items of the consolidated statement of financial position.

8. Operating segments

For the management purposes the Group has been divided into segments based on the products and services offered. The Group operates in the following operating segments:

- construction business,
- service activities.

Construction business covers rendering of widely understood construction-assembly services at home and abroad and is realised by the following Group companies:

- Budimex SA
- Mostostal Kraków SA
- Mostostal Kraków Energetyka Sp. z o.o.
- Budimex Bau GmbH
- Budimex Budownictwo Sp. z o.o.
- Budimex Kolejnictwo SA

The segment of service activities comprises comprehensive services in the field of municipal waste management, comprehensive road maintenance, lighting infrastructure extension and management, and technical operation (maintenance) of buildings, also in the form of public-private partnership (PPP). Classified to this segment were the following entities:

- Budimex Parking Wrocław Sp. z o.o.
- FBSerwis SA
- FBSerwis A Sp. z o.o.
- FBSerwis B Sp. z o.o.
- FBSerwis Dolny Śląsk Sp. z o.o.
- FBSerwis Wrocław Sp. z o.o.
- FBSerwis Karpatia Sp. z o.o.
- FBSerwis Kamieński Sp. z o.o.
- FBSerwis Odbiór Sp. z o.o. (consolidated using the full method as of 1 October 2020).

The segment "property management and developer business" was included in the discontinued operations. Details are described in note 1.3.1.

Segment performance is evaluated based on sales revenue, gross profit (loss) on sales, operating profit (loss) and net profit (loss) for the period.

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards

budimex

(all amounts are expressed in PLN thousand, unless stated otherwise)

The results of segments for the first half of 2021 are presented in the table below:

| Segment name | Construction business | Property management and developer business | Service activities | Consolidation adjustments | Consolidated value |
|--|-----------------------|--|--------------------|---------------------------|--------------------|
| External sales | 2 882 739 | - | 358 353 | - | 3 241 092 |
| Inter-segment sales | 146 081 | - | 1 885 | (147 966) | - |
| Total sales of finished goods, goods for resale and raw materials | 3 028 820 | - | 360 238 | (147 966) | 3 241 092 |
| Gross profit on sales | 242 058 | - | 80 636 | 52 951 | 375 645 |
| Selling expenses | (5 086) | - | - | - | (5 086) |
| Administrative expenses | (107 345) | - | (19 715) | 7 050 | (120 010) |
| Other operating income/(expenses), net | 31 545 | - | (5 704) | - | 25 841 |
| Operating profit | 161 172 | - | 55 217 | 60 001 | 276 390 |
| Finance income/(costs), net | (16 941) | - | (35) | 117 | (16 859) |
| Shares in profits of equity accounted subordinates | - | - | 67 | - | 67 |
| Income tax expense | (27 752) | - | (11 980) | (11 422) | (51 154) |
| Net profit from continued operations | 116 479 | - | 43 269 | 48 696 | 208 444 |
| Net profit from discontinued operations | - | 520 508 | - | - | 520 508 |
| Net profit for the period | 116 479 | 520 508 | 43 269 | 48 696 | 728 952 |

The results of segments for the first half of 2020 are presented in the table below:

| Segment name | Construction business | Property management and developer business (restated) | Service activities | Consolidation adjustments (restated) | Consolidated value (restated) |
|--|-----------------------|---|--------------------|--------------------------------------|-------------------------------|
| External sales | 3 184 954 | - | 275 211 | - | 3 460 165 |
| Inter-segment sales | 196 316 | - | 2 133 | (198 449) | - |
| Total sales of finished goods, goods for resale and raw materials | 3 381 270 | - | 277 344 | (198 449) | 3 460 165 |
| Gross profit on sales | 230 809 | - | 43 312 | (20 995) | 253 126 |
| Selling expenses | (5 318) | - | - | - | (5 318) |
| Administrative expenses | (101 808) | - | (16 011) | 7 258 | (110 561) |
| Other operating income/ (expenses), net | (39 634) | - | 2 074 | - | (37 560) |
| Operating profit | 84 049 | - | 29 375 | (13 737) | 99 687 |
| Finance income/ (costs), net | (10 713) | - | 1 939 | 198 | (8 576) |
| Shares in profits of equity accounted subordinates | - | - | 42 | - | 42 |
| Income tax expense | (23 208) | - | (5 695) | 2 572 | (26 331) |
| Net profit for the period from continuing operations | 50 128 | - | 25 661 | (10 967) | 64 822 |
| Net profit from discontinued operations | - | 49 669 | - | - | 49 669 |
| Net profit for the period | 50 128 | 49 669 | 25 661 | (10 967) | 114 491 |

9. Revenue from sale of finished goods, services, goods for resale and raw materials, by category

9.1. Sales revenue, by type of good or service

In the first half of 2021 net sales of finished goods, services, goods for resale and raw materials, by type of good or service, were as follows:

| Segment name | Construction business | Service activities | Consolidation adjustments | Consolidated financial data |
|--|------------------------------|---------------------------|----------------------------------|------------------------------------|
| Sales of construction and assembly services | 2 993 186 | - | (139 541) | 2 853 645 |
| Sales of other services | 9 109 | 360 238 | (8 425) | 360 922 |
| Sales of finished goods | 24 649 | - | - | 24 649 |
| Sales of goods for resale and raw materials | 1 876 | - | - | 1 876 |
| Total sales of finished goods, goods for resale and raw materials | 3 028 820 | 360 238 | (147 966) | 3 241 092 |

In the first half of 2020 net sales of finished goods, services, goods for resale and raw materials, by type of good or service, were as follows:

| Segment name | Construction business | Service activities | Consolidation adjustments (restated) | Consolidated financial data (restated) |
|--|------------------------------|---------------------------|---|---|
| Sales of construction and assembly services | 3 345 179 | - | (188 822) | 3 156 357 |
| Sales of other services | 3 183 | 277 344 | (9 627) | 270 900 |
| Sales of finished goods | 24 990 | - | - | 24 990 |
| Sales of goods for resale and raw materials | 7 918 | - | - | 7 918 |
| Total sales of finished goods, goods for resale and raw materials | 3 381 270 | 277 344 | (198 449) | 3 460 165 |

9.2. Sales revenue, by geographical area

In the first half of 2021 net sales of finished goods, services, goods for resale and raw materials, by geographical area, were as follows:

| Segment name | Construction business | Service activities | Consolidation adjustments | Consolidated financial data |
|--|------------------------------|---------------------------|----------------------------------|------------------------------------|
| Poland | 2 881 647 | 360 068 | (147 966) | 3 093 749 |
| Germany | 114 447 | 39 | - | 114 486 |
| Other EU countries | 32 726 | 131 | - | 32 857 |
| Total sales of finished goods, goods for resale and raw materials | 3 028 820 | 360 238 | (147 966) | 3 241 092 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand, unless stated otherwise)

In the first half of 2020 net sales of finished goods, services, goods for resale and raw materials, by geographical area, were as follows:

| Segment name | Construction business | Service activities | Consolidation adjustments (restated) | Consolidated financial data (restated) |
|--|-----------------------|--------------------|--------------------------------------|--|
| Poland | 3 168 790 | 277 209 | (198 449) | 3 247 550 |
| Germany | 121 662 | 135 | - | 121 797 |
| Other EU countries | 86 866 | - | - | 86 866 |
| Other countries | 3 952 | - | - | 3 952 |
| Total sales of finished goods, goods for resale and raw materials | 3 381 270 | 277 344 | (198 449) | 3 460 165 |

9.3. Sales revenue of the segment „Construction business” by construction type

Net sales of finished goods, services, goods for resale and raw materials of the „Construction business” as the most significant operating segment in the Budimex Group were additionally analysed by type of construction objects. Data for the first half of 2021 and the first half of 2020 were as follows:

| Type of construction | Sales revenue for a 6-month period ended: | |
|--|---|------------------|
| | 30 June 2021 | 30 June 2020 |
| Land-engineering | 1 092 257 | 1 441 130 |
| Railway | 730 298 | 675 932 |
| General construction, of which: | 1 206 265 | 1 264 208 |
| - non-housing | 966 398 | 959 281 |
| - housing | 239 867 | 304 927 |
| Net sales of finished goods, goods for resale and raw materials – Construction business segment | 3 028 820 | 3 381 270 |

10. Related party transactions

Transactions with related parties made in the first half of 2021 and in the first half of 2020 and unsettled balances of receivables and liabilities as at 30 June 2021 and 31 December 2020 are presented in the tables below:

| | Receivables | | Liabilities | |
|--|---------------|------------------|---------------|------------------|
| | 30 June 2021 | 31 December 2020 | 30 June 2021 | 31 December 2020 |
| Parent and its related parties (the Ferrovial Group) | 665 | 1 864 | 22 675 | 25 734 |
| Jointly controlled entities | 22 801 | 2 657 | 1 166 | 777 |
| Associates | 98 | 105 | 23 | 28 |
| Other related entities – non-consolidated subsidiaries** | - | 62 | - | - |
| Other related entities – other** | 9 | 11 005 | - | - |
| Other related entities – through key personnel** | - | 2 | - | 1 164 |
| Total settlements with related parties | 23 573 | 15 695 | 23 864 | 27 703 |

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards

budimex

(all amounts are expressed in PLN thousand, unless stated otherwise)

| | Sales of finished goods and services & other operating income* | | Purchase of finished goods and services & other operating expenses* | |
|---|---|--------------|--|-----------------|
| | 6-month period ended 30 June | | 6-month period ended 30 June | |
| | 2021 | 2020 | 2021 | 2020 |
| Parent and its related parties (the Ferrovial Group) | 15 | - | (13 765) | (13 970) |
| Jointly controlled entities | 17 866 | 4 012 | 43 | (28) |
| Associates | 11 | 11 | (638) | (658) |
| Other related entities - non-consolidated subsidiaries** | - | - | - | - |
| Other related entities - through key personnel** | 262 | 367 | - | (221) |
| Other related entities - others** | - | - | (44) | - |
| Total transactions with related parties | 18 154 | 4 390 | (14 404) | (14 877) |

*) The figures presented in the note encompass the data reported within the discontinued operations.

**) Other related parties represent controlled or jointly controlled entities or entities, on which the key management person of the Parent Company or of the subsidiary of the Budimex Group or his close relative exercises significant influence, or has significant number of votes at the shareholders' meeting of this company.

As at 30 June 2021 and 31 December 2020, the Group's companies did not have any loans given or debt securities purchased from related entities, nor any loans received or debt securities sold to these entities.

Inter-Group transactions are made on an arm's length basis.

11. Factors which will affect results achieved by the Group in a period covering at least the next half-year

The most important factors that may have an impact on the Group's financial position in the perspective of at least the next half-year include:

- further development of the coronavirus pandemic and changes in the level of economic activity,
- the level of prices of construction materials (especially steel) and services affecting the level of direct costs of contracts,
- availability of staff,
- risks related to logistics and transport of construction materials,
- volatility of exchange rates, which affect the level of sales revenues and operating costs as well as the result from the valuation and settlement of foreign currency forward transactions,
- high demand for the services of subcontractors, affecting the quality and timeliness of the work performed,
- the level of competition in public tenders,
- intensification of activities aimed at recovering overdue receivables covered by write-downs and strengthening operational and financial control over the performed contracts,
- results of pending court cases, which are described in more detail in Note 16 to these consolidated financial statements,
- changes in tax regulations affecting the construction industry.

12. Description of significant achievements or failures of the Budimex Group in the I half-year of 2021, key events concerning the Group's operations and significant events after 30 June 2021

Due to the signing of the agreement for the sale of Budimex Nieruchomości on 24 May 2021, from the beginning of the year, the developer segment is presented as discontinued operations (both in the financial statements for the 1st half of 2021 and in the comparable data for the 1st half of 2020) in accordance with IFRS 5. Continued operations of the Group cover the construction and service segments.

In the first half of 2021, the operating profitability of the Budimex Group from continued operations was noticeably higher than in the corresponding period of the previous year.

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand, unless stated otherwise)

In the construction segment, profitability improved mainly due to the good profitability of railway contracts, as well as better result on other operating activity. Less favorable weather conditions during the winter season made carrying out construction works more difficult and resulted in a decline in sales revenue compared to the same period last year. Additionally, in the road segment, several significant contracts are currently in the design stage, which translates into relatively low sales revenue.

In the first half of 2021 the service segment, whose financial performance is driven by FBSerwis Group, continued its dynamic development, increasing sales revenue by 30% compared to the same period last year. Furthermore, increase in sales resulted in enhanced operating profit and gross profit, supported by strong financial results of the municipal waste management segment.

The financial result on discontinued operations in the first half of 2021 consists of the net result of the developer segment for the period before the disposal of Budimex Nieruchomości Sp. z o.o., as well as the net result on the settlement of the disposal transaction.

The order portfolio of the Budimex Group is profitable and ensures high workload for the following quarters. The structure of the portfolio has not changed significantly over the last year - the portfolio is mainly based on infrastructure and railway contracts, which account for ca. 2/3 of its value.

The order portfolio of the Budimex Group as at 30 June 2021 amounted to PLN 12 973 018 thousand. The value of contracts signed between January and June 2021 was PLN 2 922 741 thousand. Additionally, the value of the contracts with the lowest bids or tenders where Group's offer is rated the highest by the Investors is over 3 billion PLN.

At the end of the first half of 2021, the Group's cash position was further improved compared to the end of 2020. The key driver of the improved cash position was the income from the disposal of Budimex Nieruchomości Sp. z o.o. The Management Board of Budimex SA, taking into account the solid cash position, decided on advance payment of dividend for 2021. In order to maintain the robust condition and financial liquidity of subcontractors and suppliers collaborating with the Group, advance payments are still offered for the services and materials.

The ongoing state of epidemic in Poland did not have a significant impact on the Company's financial parameters for the first half of 2021. Budimex SA was among the employers who decided to participate in the vaccination programme of employees.

Until the moment of preparation of these consolidated financial statements, coronavirus outbreak did not have a significant impact on the Group's operating activity.

On 5 July 2021, Budimex SA, as the only shareholder, established a company, Budimex Slovakia s.r.o., based in Bratislava, Slovakia. The share capital in the amount of EUR 5 thousand was also paid up in July 2021. The company has not been registered by the appropriate registry court by the date of the report.

On 20 July 2021, FBSerwis SA, in which Budimex SA holds 100% of shares, established a company, FBSerwis Paliwa Alternacyjne Sp. z o.o., with a share capital of PLN 5 thousand. The company has not been registered by the National Court Register by the date of the report.

In the period from 30 June 2021 to the date of preparation of these condensed consolidated financial statements no other significant events took place.

13. Issue, redemption and repayment of debt and equity securities

In the first half-year of 2021 Budimex SA and Group companies did not issue, redeem or repay debt or equity securities.

14. The Management Board's position on the feasibility of results stated in the financial forecasts published earlier for the year in view of the financial results presented in the half-year report in relation to the projected results

Budimex SA did not publish any forecasts.

15. Statement of ownership of shares of Budimex SA or rights to such shares (options) held by the managing or supervisory persons of Budimex SA as at the date of publication of this report together with indication of changes in the ownership in the I half-year of 2021

As at the date of publication of the report members of the Management Board and Supervisory Board of Budimex SA held the following number of shares:

| | | |
|-------------------|-------------------------------------|--------------|
| Marcin Węglowski | (Management Board member) | 2 830 shares |
| Marek Michałowski | (chairman of the Supervisory Board) | 4 000 shares |

Above mentioned members of the Management Board and Supervisory Board do not own share options of the company. As at the date of publication of this report other managing and supervisory persons of Budimex SA do not hold its shares or share options. There has been no change in the status of ownership since 31 December 2020.

16. Proceedings pending as at 30 June 2021 before court, competent arbitration body or any public administration authority

The total value of legal proceedings in progress in respect of liabilities and receivables as at 30 June 2021 was PLN 712 110 thousand. Excess of the value of proceedings against Group companies over proceedings relating to claims of Group companies amounted to PLN 29 582 thousand.

In accordance with information in the possession of Budimex SA, the total value of legal proceedings in progress in respect of liabilities of Budimex SA and its subsidiaries as at 30 June 2021 was PLN 370 846 thousand. These proceedings involve the Group companies' operating activity.

The largest item in terms of the value of the dispute was the lawsuit against Budimex SA and Ferrovial Agroman SA in Madrid, members of the consortium related to implementation of the contract "Construction of the new premises for the Silesian Museum in Katowice" concluded on 7 June 2011, filed on 24 July 2017 by the claimant – the Silesian Museum in Katowice. The Claimant requests that the Defendants are either condemned in solidum to pay the amount of PLN 122 758 thousand plus statutory interest from the date the lawsuit was filed for improper performance of the obligation under the Contract, either alternatively the court adjudges the claim for decreasing the price by PLN 34 675 thousand as the reimbursement of part of the remuneration, which was wrongly paid in Claimant's opinion. Article 471 of the Civil Code was specified as the grounds for pursuing the main claim, and the provisions on statutory warranty were specified for the alternative claim.

In the opinion of the Management Board of Budimex SA the claims in the lawsuit are groundless. The irregularities, which in the Claimant's opinion constitute actual grounds of the claims, provided that these do exist, do not result from actions or omissions of the consortium. Moreover, proper performance of the building by the consortium was confirmed by the Claimant issuing the Work Acceptance Certificate and Implementation Certificate for the Silesian Museum building in Katowice. The Management Board assesses that the provisions for warranty repairs recognised beforehand fully cover the risks related to contract implementation. Budimex SA filed its response to the claim on 31 October 2017 and supplemented it in January 2018. The court successfully delivered a copy of the claim to Ferrovial Agroman SA on 21 September 2018. Ferrovial Agroman SA filed a reply to the statement of claim on 22 October 2018. The first hearing took place on 11 March 2019, during which the court obliged the parties to pay an advance towards the remuneration of the research institute which will prepare an opinion on the case. As at the date of the report, the date of the next hearing is not known.

Another significant case concerns a request for arbitration submitted by Steinmüller Babcock Environment GmbH ("Steinmüller") to the Secretariat of the International Court of Arbitration at the International Chamber of Commerce in Paris on 20 December 2019. The application is based on the allegations of breach by Budimex SA of the consortium agreement concluded between Budimex SA and Steinmüller in connection with the joint performance of construction works regarding the public procurement under the name "Construction of a new heat and power plant in Vilnius - Lot 1" for JSC "Vilniaus kogeneracinė jėgainė" with its seat in Vilnius (Lithuania) and includes a request that the adjudicating panel establish intra-consortium liability of Budimex SA towards the claimant for any damage or claims that arose (or may arise) as a result of alleged delayed or improper performance by Budimex SA of its scope of work for which the consortium may be liable. For the purposes of the arbitration proceedings, Steinmüller determined the value of its claims at EUR 25 million, i.e. PLN 105 875 thousand.

In the opinion of the Management Board of Budimex SA, the claims covered by the Request for Arbitration are groundless and, above all, premature. The consortium submitted a number of claims to the contract engineer for an extension of the time for completion of the works, for reasons both beyond the control of the parties to the contract and dependent solely on the contracting authority.

In response, on 28 February 2020 Budimex SA submitted a response to the request for arbitration along with counterclaims against Steinmüller. Budimex SA demands that the adjudicating panel dismisses Steinmüller's claims entirely as unfounded, and also presented counterclaims against Steinmüller, in particular for a recognition that the delays in the performance of the construction works are due to reasons attributable to Steinmüller. The estimated value of mutual claims of Budimex SA against Steinmüller was determined at EUR 26 537 thousand, i.e. PLN 114 904 thousand.

On 27 May 2020 the parties and the adjudicating panel signed the act of mission. According to the agreed procedure schedule, Steinmüller filed a Statement of Claim on 18 December 2020. At the joint request of the parties, on 19 February 2021 the adjudicating panel agreed to modify the procedure schedule by postponing the dates of the various activities by approximately 6 months. As a result of this modification, Budimex SA should file a Statement of Defence and Counterclaim by 29 October 2021. The next stages of arbitration will take place in 2022 and the hearing will take in March 2023. The verdict is expected by the end of 2023.

Another legal proceedings with a material value relate to the claim filed on 5 March 2008 by Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement of contractor costs incurred by the investor when the consortium rescinded the contract. The Budimex Group's share in consortium was 90%, therefore the value of the claim for which Budimex SA is liable is PLN 22 727 thousand. On 12 July 2017, the court of the first instance awarded against Budimex SA only the amount of PLN 22 thousand (towards reimbursement of the costs of expert opinions commissioned by the claimant), and dismissed the claim in its entirety. An appeal against the judgment was filed both by the claimant (against the entire judgment) and the defendant (against a part of the judgement – i.e. the amount of PLN 22 thousand). Currently, the parties await setting the date for the hearing before the court of the second instance.

As at the date of this report, the final outcome of the remaining proceedings is not known. For all legal proceedings which – according to the Group – may finish in an unfavourable way, provisions were recognised in the amount that takes into account the risk estimated by the Group.

The total value of legal proceedings pending in respect of claims of Budimex SA and its subsidiaries amounted to PLN 341 264 thousand as at 30 June 2021. Apart from the above described case brought by Budimex SA against Steinmüller Babcock Environment GmbH, the remaining proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of the construction work performed.

As at the date of this report, the final outcome of the proceedings is not known.

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand, unless stated otherwise)

17. Contingent assets and contingent liabilities

| | 30 June 2021 | 31 December 2020 |
|---|--------------------|--------------------|
| <u>Contingent assets</u> | | |
| From other entities | | |
| – guarantees and sureties received | 674 876 | 615 095 |
| – bills of exchange received as security | 6 876 | 11 237 |
| From other entities, total | 681 752 | 626 332 |
| Total contingent assets | 681 752 | 626 332 |
| <u>Contingent liabilities</u> | | |
| To other entities, of which: | | |
| – guarantees and sureties issued | 4 189 371 | 4 333 352 |
| – promissory notes issued as performance bond | 11 658 | 12 797 |
| To other entities, total | 4 201 029 | 4 346 149 |
| Other contingent liabilities | 181 | 181 |
| Total contingent liabilities | 4 201 210 | 4 346 330 |
| Total contingent items | (3 519 458) | (3 719 998) |

Contingent assets arising from guarantees and sureties represent guarantees and sureties issued by banks or other entities in favour of Budimex Group companies serving as security for the Group's claims against contractors in connection with executed construction contracts.

Contingent liabilities arising from guarantees and sureties comprise mainly guarantees issued by banks to business partners of the Group companies to secure their claims against the Group companies that may arise on the grounds of executed construction contracts. The banks are entitled to recourse claims against Group companies under these guarantees. Guarantees issued to the investors of the Group represent an alternative, to the retentions held, method of securing potential investor claims relating to construction contracts. At the same time, the risk relating to warranty repairs assessed by the Management Board of the Group as probable was appropriately reflected in the warranty repair provision, as described in note 7 to these condensed consolidated financial statements.

The promissory notes issued represent security for liabilities settlement towards strategic suppliers of Group companies, while bills of exchange received and recognised under contingent assets represent security for receivables payment due to Group companies from their customers.

Guarantees and sureties issued by Budimex SA as at 30 June 2021:

| Name of the company which issued a guarantee or surety | Name of the (company) entity which received a surety or a guarantee | Total value of guarantees or sureties issued | Period of guarantees or sureties issuance | Financial conditions in respect of guarantees and sureties issued | Type of relations between Budimex SA and the entity which took out a guarantee or surety |
|--|---|--|---|---|--|
| Budimex SA | Mostostal Kraków SA | 101 447 | 2027-12-31 | against payment | subsidiary |
| Budimex SA | Mostostal Kraków Energetyka Sp. z o.o. | 141 | 2023-11-21 | against payment | subsidiary |
| Budimex SA | Budimex Budownictwo Sp. z o.o. | 230 754* | 2029-10-15 | free of charge | subsidiary |
| Budimex SA | Budimex Kolejnictwo SA | 14 620 | 2027-12-31 | against payment | subsidiary |
| Budimex SA | FBSerwis SA | 24 916 | 2030-07-12 | against payment | subsidiary |
| TOTAL | | 371 878 | | | |

*sureties were issued for contracts carried out by Budimex SA

The BUDIMEX Group

The condensed consolidated financial statements for I half of 2021
prepared in accordance with International Financial Reporting Standards



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Guarantees and sureties issued by Budimex SA as at 31 December 2020:

| Name of the company which issued a guarantee or surety | Name of the (company) entity which received a surety or a guarantee | Total value of guarantees or sureties issued | Period of guarantees or sureties issuance | Financial conditions in respect of guarantees and sureties issued | Type of relations between Budimex SA and the entity which took out a guarantee or surety |
|--|---|--|---|---|--|
| Budimex SA | Mostostal Kraków SA | 98 130 | 2027-06-28 | against payment | subsidiary |
| Budimex SA | Mostostal Kraków Energetyka Sp. z o.o. | 141 | 2023-11-21 | against payment | subsidiary |
| Budimex SA | Budimex Kolejnictwo SA | 74 264 | 2029-11-30 | against payment | subsidiary |
| Budimex SA | Budimex Bau GmbH | 47 | 2021-12-31 | free of charge | subsidiary |
| Budimex SA | Budimex Budownictwo Sp. z o.o. | 279 554* | 2029-10-15 | free of charge | subsidiary |
| Budimex SA | Budimex Nieruchomości Sp. z o.o. | 6 | 2023-03-18 | against payment | subsidiary |
| Budimex SA | FBSerwis SA | 31 887 | 2030-07-12 | against payment | subsidiary |
| TOTAL | | 484 029 | | | |

*sureties were issued for contracts carried out by Budimex SA

Warsaw, 1 September 2021

| | |
|--|--|
| Artur Popko President of the Management Board | |
| Jacek Daniewski Member of the Management Board | |
| Cezary Mączka Member of the Management Board | |
| Marcin Węglowski Member of the Management Board | |
| Grzegorz Fąfara Chief Accountant | |

This is a translation of condensed consolidated financial statements originally issued in Polish. In case of any inconsistencies between the Polish and English version, the Polish version shall prevail.